

Checklist for Changing State Domicile

The checklist below identifies primary and secondary factors that should be considered when establishing domicile in a new state for income tax purposes. The question of whether or not you have ceased to be a resident of your former state is fact-driven and there is no absolute assurance of how your former state will treat your move.

It is important to understand that each situation requires a separate analysis as to whether a change of domicile has occurred and to what extent a change will ultimately reduce taxes. This checklist is not intended to be a substitute for tax or legal advice.

Primary Factors

Physical presence

Track time spent in all states – plan to be outside of your former state more than 183 days each calendar year

Gather additional information such as credit card statements, cell phone statements, tollway pass charges and flight records to substantiate physical presence

Housing

Buy or rent a residence in the new state and furnish it

Sell or rent former residence if possible

Items near and dear

Move family heirlooms, art and family photo albums to the new state

Move pets to your new residence

Family connections

Your spouse and minor children should physically move to the new location if possible

Enroll minor children in school in the new state

Active Business Involvement

Limit degree of active involvement in prior-state businesses in comparison to involvement in businesses located outside of prior state

Secondary Factors

- File a “Declaration of Domicile” in the county of residence
- Update address on all important legal documents and bank statements
- Relocate safe deposit boxes
- Obtain new auto, boat and airplane licenses and registrations
- Register to vote in new state
- If applicable, apply for a homestead exemption afforded only to residents of the new state
- Join and participate in social, religious and other local groups, clubs and organizations
- Sign a new will and other estate planning documents to ensure such documents are governed by the appropriate state law – the will should declare that the individual is a resident of the desired state
- File federal income tax returns using the new address and file a final individual non-resident income tax return in the prior state using the new address on the return
- If applicable, file tax return in the new state as a resident

At BNY Mellon, your team will integrate your change of domicile into the various aspects of our Active Wealth Approach: Invest, Borrow, Manage, Spend and Protect.

Invest

- Review underlying investment strategies to determine if any changes are warranted (e.g., state composition within municipal bond portfolio)

Borrow

- Consider utilizing an investment credit line (ICL) to make an all-cash offer on your home purchase and then secure permanent mortgage financing within 90 days of acquisition to take advantage of the home mortgage interest deduction available at the time
- Utilize an investment credit line (ICL) to fund moving expenses and other out-of-pocket costs

Manage

- Consider total tax rate (federal and state) while implementing changes in your portfolio
- Review income tax withholding and estimated tax payments to ensure new tax domicile is reflected
- Manage your calendar to be sure you do not run afoul of your prior state’s residency requirements

Spend

- Re-run cash flow projections to account for changes in your budget in your new location. Changes may include state income tax, property tax, insurance, utilities, etc.

Protect

- Coordinate with your attorney to ensure estate documents reflect new domicile
- Update insurance policies to reflect new state residence as your primary residence

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